

**Statement of Work
EPA Contract No., EP-C-13-039
Work Assignment # 2-39**

TITLE: Development of Economic Analyses for California Statewide Water Quality Plans.

I. Work Assignment Contracting Officer Representative (WACOR)

Ghulam Ali
Standards and Health Protection Division
Office of Science and Technology
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Email ali.ghulam@epa.gov
Phone: 202-566-1004

II. Alternative Work Assignment Contracting Officer Representative (ALT WACOR)

Erica Fleisig
Standard and Health Protection Division
Office of Science and Technology
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460

Email: Fleisig.eric@epa.gov
Phone: 202-566-1057

III. Level of Effort

600

IV. Duration

Issuance to October 1, 2015 to July 31, 2016

1. DESCRIPTION: The Clean Water Act (CWA) directs States, with oversight by the U.S. Environmental Protection Agency (US EPA) to adopt water quality standards to protect the public health and welfare, enhance the quality of water, and serve the purposes of the act. State standards must include (1) designated uses for all water bodies within their jurisdictions, (2) water quality criteria (referred to as objectives under California law) sufficient to protect the most sensitive of the uses, and (3) an antidegradation policy. States are also required to review their standards once every three years and, as appropriate, modify and adopt standards. The results of this triennial review must be submitted to US EPA and US EPA must approve or disapprove any new or revised standards. Section 303(c) of the CWA directs US EPA to promulgate standards where US EPA has determined that a new or revised standard is not

consistent with the requirements of the CWA, or where necessary to meet the requirements of the CWA.

Through the triennial review process, in roundtable discussions and in discussions with US EPA Region 9 staff, it was determined that several standards need to be modified and/or adopted in California. The State Water Resources Control Board (State Board) is taking the approach that adopting statewide standards is an efficient use of limited resources and is presently in the process of developing water quality standards for the following pollutants:

1. Development of Methylmercury Fish Tissue Objectives and Implementation Policy
2. Development of a Statewide Methyl Mercury Reservoir Control Program total maximum daily loadings (TMDL)
3. Update Economic Analysis for Statewide Toxicity Policy
4. Development of Statewide bacteria objectives and program of implementation

The following are individual descriptions of each of the above listed projects:

1 & 2. Development of Methylmercury Fish Tissue Objectives and Implementation Policy and TMDL for Mercury in Reservoirs

The State Water Board is considering adopting a statewide policy for methylmercury that would apply to inland waters, enclosed bays, and estuaries in the State. Based on the US EPA's revised methylmercury (MeHg) fish tissue-based criteria guidance, elements of the proposed policy may include a methylmercury fish tissue objective and implementation procedures related to the Water Board's regulatory program. As a parallel project the state is developing a statewide reservoir TMDL and program of implementation that is intended to address lakes currently listed for mercury and hopefully will be able to contain implementation methods that would address any additional lakes that are listed found to have elevated levels of Mercury in fish tissue in the future. The TMDL will use the results from establish the Fish Tissue objectives project to inform for reservoirs and set the target and load setting process.

Timeline: Both projects are currently underway and we anticipate adoption of the objectives in approximately 18 months and the TMDL in 24 months.

3. ~~Toxicity Policy~~ Cadmium Objectives – Update of Draft Economics Policy Analysis

The State Water Board has developed a draft policy for Toxicity Assessment and Control. A draft economics analysis was prepared using an early draft of the policy before the final US EPA statistical methods (the "Test of Significant Toxicity") was released. In developing water quality objects (criteria) and associated implementation plan from Cadmium. National Marine Services (NOAA Fisheries) determined that the Cadmium criteria proposed for the California Toxics Rule were not protective of threatened and endangered species. The current national 304(a) criteria may not be protective of west coast salmonid population. California anticipates working with the United States Geological Survey to develop protective water quality objectives and an associate

program of implementation. Due to changes in the draft policy a revision to the economics analysis is needed. Updates should include the cost to Storm Water, Channelized dischargers as well as for publically owned treatment works (POTWs). Factors to consider would be costs for routine monitoring as defined in the draft Policy (including courier costs as appropriate), costs for accelerated monitoring and a range of cost for TRE/TIE analyses. Cost of meeting the water quality objectives for point and non-point sources will need to be evaluated.

Timeline: Draft Substitute Environmental Documentation (SED) in approximately 2 months. Draft Water Quality Objectives and amendment language in approximately 12 Months.

4. Bacteria Objectives

The State Water Board is working to adopt the 2012 recommended 304(a) updated bacteria criteria as well as a program of implementation. While the update is replacing more or less equivalent total or fecal coliform objectives it will also contain several implementation measures. They are likely to include a reference beach approach allowance for TMDLs, an allowance for the development of high-flow suspensions and definition of a limited contact recreation beneficial use. The proposed update will likely not impact sewage treatment plants as they are already meeting a more stringent total coliform effluent limit. However, there could be costs to Storm Water and other non-point source dischargers as well as the communities should a lower illness rate be chosen and additional beach closure days are incurred.

Timeline: SED in approximately 4 months

5. Nutrient Numeric End-Points for Wadeable Streams

The State Water Board is developing amendments to its statewide water quality control plan(s) to control nutrients on a watershed scale. While the final form and specific numerical objectives will not be finalized until 2018 there are default numeric guidelines that can be used now to assess the costs of implementing nutrient controls on a discharge by discharge basis. The early draft amendment structure that includes the options of a watershed approach with the default backstop being a traditional discharger by discharger approach to determining reasonable potential and effluent limits. The regulated community has raised questions regarding the costs of nutrient controls and the costs associated with a watershed approach which would likely require a trading program. The State Water Board has a sub-grant in place to develop biological condition gradients to assist in determining appropriate expectation for stream classes in California. This project will not be completed until 2018. Costs concerns have been raised by the POTW community and the agricultural community. Being able to start assessing costs of compliance to the alternative strategies would assist greatly in developing a final set of amendments that will control nutrients and prevent eutrophication.

Commented [RR1]: Sadly this may be still accurate starting today...

Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.25" + Indent at: 0.5"

Formatted: Indent: Before: 0.5"

Timeline: Draft outline of regulatory approach and default numeric targets in 6 months.
Final amendments 2018

Formatted: Indent: Before: 0.5"

Although this work assignment is ending in July 31, 2016, these projects could continue till July 31, 2017. A new work assignment will be issued if the tasks could not be completed during this time period because of unforeseen circumstances and the delay in the development of regulatory or policy regimes by California.

Commented [RR2]: Don't know the dates for the new work order

Task 1: Prepare Work Plan and Cost Estimates

The contractor shall prepare the work plan and cost estimates for the tasks below. The workplan shall outline, describe and include the technical approach, resources, timeline and due dates for deliverables, a detailed cost estimate by task, and a staffing plan. The EPA WACOR, the PO and the CO will review the workplan. However, only the CO can approve/disapprove, suggest revisions, or change the workplan. Official revisions will be given to the contractor by the Contracting Officer. The contractor shall prepare a revised workplan incorporating the Contracting Officer's comments, if required.

Task 2: Prepare a Quality Assurance Plan for Literature Search, Data Collection and Analyses

The contractor shall submit a quality assurance plan for the literature search, data collection, and analyses to be conducted under this work assignment. The quality assurance plan shall include procedures to assess the quality of primary and secondary data and models. The quality assurance plan shall also include a process for documenting the quality of both primary and secondary data used in the cost analysis of the policies regarding bacteria, methylmercury and toxicity in California. The quality of data shall be analyzed from the perspective of developing economic estimates that can be used to support the Agency's decision-making process with respect to water quality standards. Specifically, the quality assurance plan shall include procedures to assess the monitoring data, and point sources technology data required to meet the criteria.

TASK 3 Cost Analysis

To conduct the Economic Analyses for the projects listed above a contractor will gather information as directed by the State Water Board and estimate baseline information. The baseline is defined as the costs that would accrue in the absence of the proposed new water quality objective or proposed new policy. The contractor will estimate the baseline and incremental cost, i.e., those costs above the baseline cost, for each new or revised objective or policy, or set of objectives and policies, for the particular pollutant or policy as listed above.

The contractor will identify the proposed issues that are most important in terms of their effect on the economics of the proposed project. Under direction of the State Water Board staff, the contractor will compile a list of proposed reasonable alternatives for each issue identified. The

contractor will then conduct an economic analysis relative to the baseline established above. The contractor will work with the State Water Board staff to determine the specific scope of each economic analysis, prior to starting work on each economic analysis.

The contractor will evaluate the attainability of the draft policies in all applicable Regions. The contractor will identify the point and non-point source discharges that might be impacted by the amendment and the costs of compliance for each discharge type in each basin planning area. In addition, the contractor will identify impacts of non-compliance with the recommended basin plan amendment and the costs of those impacts. If necessary, these measures should include time schedules to achieve compliance.

The contractor will look at one-time costs and annual costs (including O&M and monitoring) of each alternative, for each issue identified, relative to the baseline costs. For each cost estimated, the contractor will provide a low and a high cost estimate, so that a range of costs will be provided for each alternative.

Written reports suitable for inclusion as the economics section of the staff reports for the proposed policies shall be produced.

Task 4: Economic Support for Rule and Policy

The contractor shall prepare a summary of the cost analyses performed and of EPA and State's evaluation of options and impacts (as applicable) for the rule or policy preamble. The contractor shall provide support in preparing preamble drafts.

~~Although not expected, the contractor may be required to conduct regulatory flexibility, environmental justice, paper work reduction analyses, and any other analysis required in the statutory section of the preamble of the this policy or rule making. (DELETE? Yes)~~

Formatted: Strikethrough

Task 5 - Provide Technical Support for Policy Making Activities

The contractor shall, based on technical direction given by the EPA WACOR, provide technical support related to economic cost issues associated with the policy, plans and rulemaking. Such support may include responding to EPA or State questions about economic issues on calls, and providing written explanations of contractor analyses as needed. Examples of these tasks include developing economic impacts slides, "one-pagers," and/or writing a briefing document. For this work assignment, the WACOR estimates less than 5 PowerPoint slides, 10-15 emails responding to EPA staff and management specific analysis questions, 1 conference call per month, and 1 "one-pager" may be needed. The contractor may also be directed to provide support in the review of analyses conducted by EPA and its contractors, providing technical review of materials prepared for the rule or policy making by Agency staff and State, and assist in the development of the rule or policy making record. The contractor shall provide information to be used by the Agency or the state to respond to comments and improve economic analyses. Based on a thorough knowledge of the economic analysis, the contractor shall prepare accurate draft technical responses to comments including all relevant citations.

If public meetings in California are held, the contractor will prepare materials for the public meetings and help answer the public's inquiries about the cost analysis during and after the meetings. The contractor may be expected to help with the logistics of the meetings as well in California.

The contractor will participate in the conference calls and will help the region and CA to respond to enquiries about the economic analysis completed by the contractor.

PERFORMANCE STANDARDS AND QUALITY MEASURES:

The following standards will be used to measure performance:

- 1) **Quality of Outputs** - All tasks to be superior quality. The quality of outputs will be measured against similar analyses and work products already performed by EPA. These include the costs methodology, and supporting documentation and analyses for The California Policy for Implementation of Toxics Standards for Inland Surface Waters, Enclosed Bays, and Estuaries of California, the Great Lakes Water Quality Guidance, the California Toxics Rule, and water quality standards regulations for the States of California, Alabama, Delaware, Idaho, Kansas, and Oregon, and the U.S. Territory of Puerto Rico.
- 2) **Timeliness** - All tasks are to be completed on or ahead of schedule as measured against the acceptance criteria.
- 3) **Ingenuity and Resourcefulness** - New issues are addressed using innovative analyses. Ingenuity and resourcefulness will be measured by the ability to use innovative analyses to address new issues not previously identified in the analyses conducted for the California Policy for Implementation of Toxics Standards for Inland Surface Waters, Enclosed Bays, and Estuaries of California, Great Lakes Water Quality Guidance, California Toxics Rule, as well as the Alabama, California, Delaware, Idaho, Kansas, and Oregon, and Puerto Rico water quality standards rulemakings.
- 4) **Quality Assurance** - All work is to adhere to the Quality Assurance Project Plan for the contract.

Deliverables and Schedule

Deliverables due dates shall be suitable for the timelines noted for each project, i.e., the contractor shall contact the State Board staff on the timelines that each economic analysis is needed to be complete in order to fit within the schedule of each project.

Tasks	Schedule
Task 1: Prepare Work Plan and Cost Estimates	Fifteen days after the work assignment
Task 2: Prepare a Quality Assurance Plan for Literature Search, Data Collection and Analyses	Fifteen days after the workplan approval.
Task 3: Cost Analysis	As directed

Task 5: Economic Support for Rule and policy	As directed.
Task 6: Provide Technical Support for Policy Making Activities	As directed.

4. TRAVEL

Travel will not be needed to complete this Task Order.

CPOD WORK ASSIGNMENT REVIEW CHECKLIST [6/10]

CONTRACT NUMBER: WA NUMBER: 2-39

WA TITLE:

1. Cite specific section and paragraph(s) of the contract Performance Work Statement (PWS) where this support is authorized:

2. To the best of your knowledge, will the work to be performed under this WA duplicate any work previously performed or currently being

performed under any EPA contract? **Yes No**

3. (a) Are funds already obligated in contract to support this WA? **Yes No**

If they aren't, will the Project Officer be provided a funding PR to support this WA? **Yes No**

(b) Is WA funded by multiple appropriations? **Yes No**

4. Is all the work included in your WA PWS (including deliverables) to be performed/completed during the current term? **Yes No**

5. Does the WA contemplate improvement to realty (repairs, alterations, modifications to real property)? **Yes No**

6. Does the WA require printing or duplication [<http://ecfr.gpoaccess.gov/cgi/t/text/textidx?c=ecfr&sid=a9e7c77f470491a2ceddbb913e802b66&rgn=div8&view=text&node=48:6.0.1.8.35.1.1.4&idno=48>]
exceeding contract limitations? **Yes No**

7. Does WA contemplate development or maintenance of software, purchase of IT or IT support services? **Yes No**
If yes, attach OIRM approval if not obtained prior to award.

Are the deliverables or format of deliverables 508 compliant? **Yes No**

[<http://intranet.epa.gov/oamintra/CPOD/Samples/508.pdf>]

8. Has the Program recommended subcontracting/consulting services to meet WA requirements? **Yes No**

If necessary, you may recommend sources; however, it is IMPERATIVE you realize YOU CANNOT DIRECT the contractor to use a particular source.

9. Does this WA include any actual or potential conflict of interest? **Yes No**

10. The proposed WA is free of both personal services² and inherently governmental functions³? **Yes**

11. Does the WA contemplate advisory and assistance services? **Yes No**

12. Does the WA require the contractor to purchase or lease accountable property? **Yes No**

13. Does the PWS contemplate/require the use of Technical Direction [<http://ecfr.gpoaccess.gov/cgi/t/text/textidx?c=ecfr&sid=bdf7cfeafda5dd6a2db04aaf5a7181&rgn=div8&view=text&node=48:6.0.1.8.35.1.1.81&idno=48>]? **Yes No**

The contractor has not been instructed by anyone in my organization to begin work on this WA.

WAM Signature (date)

I have reviewed the above and concur

1. Does this WA require the exercising of quantity options? **Yes No** If yes, please complete the Justification for the Exercise of Quantity

Option form found at <http://intranet.epa.gov/oamintra/CPOD/Forms/just.doc>

2. Is EPA form 1900-65, designation and appointment of WAM (and Alternate if applicable) completed and signed? **Yes No**

3. The ACMIS training database (<http://derroam05.reagan.epa.gov:9876/NATAPPS/ATS/ATSPeopleDB.nsf/>) has been checked and the COR is appointable? **Yes No**

4. Is the CBI checklist attached? **Yes No**

5. Is the Quality Assurance Review Form attached? **Yes No**

6. Word processing version of the PWS provided? **Yes No**

7. Is the IGCE attached? **Yes No**

8. The WA coversheet (EPA Form 1900-69) completed properly and consistent with the other documents of this WA? **Yes No**

Project Officer Signature (date)

If answering yes, the tasks should be structured such that costs can be allocated to the different appropriations. If your WA cannot be structured like that, RTP Financial Management Division must approve your approach to allocating costs to the different appropriations:

<http://intranet.epa.gov/oamintra/CPOD/Samples/multiappropriation.doc>

² See APPENDIX 3.2B of the Contracts Management Manual (CMM) for more information

[http://oamintra.epa.gov/files/OAM/cmm_0_0.pdf]

³ See Section 7.3.5.5 Advisory and Assistance Services and Vulnerable Services, paragraph D of the CMM for more information.